



**A Trans Pacific Partnership
Canada's Potential Participation
A Submission to
The Department of Foreign Affairs and International Trade
January, 2012**

The Canadian Seed Trade Association welcomes the opportunity to provide our views on Canada's proposal to join the negotiations towards a Trans Pacific Partnership (TPP) Agreement.

The Canadian Seed Trade Association brings together 130 member companies that are involved in all aspects of seed: research, development and plant breeding; production; processing; marketing; sales and trade. Our members are united in their support of CSTA mission statement: "To Foster Seed Industry Innovation and Trade".

Given our mandate, we encourage the government of Canada to take every possible opportunity to increase opportunities for trade by addressing tariff and non-tariff barriers to trade, and we heartily support Canada's proposal to enter free trade negotiations with the TPP.

Every year, Canada exports over \$300 million in seed for sowing to over 70 different countries. Exports to countries that are currently members of the Trans Pacific Partnership (*Australia, Brunei Darussalam, Chile, Malaysia, New Zealand, Peru, Singapore, Vietnam and the United States*) were valued at over \$190 million in 2011. Excluding those countries with which Canada already has Free Trade Agreements, the value of seed exports to TPP countries in 2011 was almost \$6 million. Statistics on the value of seed exports to TPP countries are attached.

Tariffs

Seed generally trades with zero or very low tariffs, and many of the TPP countries do not bind or apply any tariffs on seed for sowing. It is important, however, to ensure that if Canada is part of the TPP, those tariffs that do remain are eliminated on implementation.

Some remaining bound tariffs as identified in the WTO on line tariff analysis are:

- Brunei Darussalam binds tariffs on many tariff lines that include seed for sowing at between 20% and 50%. However it does not notify any applied tariffs that affect seed.
- Malaysia notifies some bound MFN tariffs to the WTO in HS lines that include seed - including dried peas, beans, lentils and hempseed, at \$9.84 per Kg. Some also include a 5% ad valorem tariff. Currently Malaysia does not notify applied tariffs.
- New Zealand also does not currently apply tariffs on seed for sowing, but does notify bound tariffs on barley and oats seed at 5% and 7.5%.
- Vietnam notifies bound tariffs of up to 25% on tariff lines that include seed - for dry peas, beans, lentils, hempseed and sunflower seeds. It notifies applied tariffs of 5% on dry peas, hempseed and sunflower seeds.
- Japan, which is listed in the consultation document as interested in the TPP, also notifies bound tariffs on dry peas, beans, oats, rye and maize at between 6% and 8.5% plus specific tariffs of up to 354 yen per kg. For many of these tariff lines, the bound tariff is also the applied tariff.

Non Tariff Barriers

As tariffs generally decline in trade of agricultural goods, other non-tariff issues take their place to restrict trade. Phytosanitary issues, asynchronous approvals, and intellectual property protection regimes can all serve as access barriers. The broad outline of an agreement as announced by TPP countries in November, 2011 includes as a goal the elimination of non-tariff measures that can serve as trade barriers. This fits with CSTA's goals and we encourage Canada to support this.

Sanitary and Phytosanitary Standards - Specifically, the outline of the agreement commits TPP countries to science; transparency; and incorporates the concept of equivalence. CSTA supports these principles and encourages Canadian participation.

Intellectual Property Protection – 7 of the nine members of the Trans Pacific Partnership parties to the International Union for the Protection of New Plant Varieties (UPOV). Plant Variety Protection legislation in 6 of those 7 countries conforms to the most recent UPOV convention (UPOV 1991). This ensures equivalency of IP protection for seed and plant varieties trading between these countries, and is consistent with the objectives established in the framework for the TPP trade agreement.

However, Canada is one of the only developed country members of the UPOV whose legislation does not comply with the most recent UPOV convention. This is already affecting trade of plant varieties and seed, as many potential investors will not risk their new varieties in a country that does not provide the same intellectual property protection tools. Unless Canada brings its Plant Breeders Rights legislation into compliance with UPOV 1991, it is hard to imagine that trade of new seed innovations will increase in a Trans Pacific Partnership. Many of the free trade agreements that exist around the world state that countries will protect plant varieties under the most recent UPOV convention. We hope that this will be the case with the TPP agreement.

Asynchronous Approvals and Zero Tolerances for Products of Biotechnology – Canadian farmers are early adopters of new technologies to improve productivity, provide health and environmental solutions and to enhance competitiveness. Our farmers have embraced modern biotechnology in their cropping systems, and as the result, the majority of acres planted to corn, canola and soybeans in Canada are planted to varieties containing biotech improvements. These products have received full approval for food, feed and environmental release through Canada's very detailed and stringent science based regulatory assessment processes.

While Canadian developers are committed to seeking approvals of their innovations in important countries as part of their commercialization plans, some countries simply do not have effectively functioning regulatory processes, and many have established a zero tolerance for the presence of any genetically modified products that their own regulatory systems have not approved. The impact on the seed industry has been significant, as countries are requiring legal declarations that there is zero presence of genetically modified product in seed shipments. Zero is not possible to achieve, so seed trade is affected.

CSTA is working with international seed industry partners to develop an international science based policy to facilitate the trade of seed, where there is an unintended presence at very low levels of a genetically modified product that is approved in at least one country, but not the country of import (low level presence policy).

CSTA believes that approval processes for products of biotechnology; mutual recognition of assessments and approvals; and a science based low level presence policy for seed should be a part of Canada's negotiating position for all trade negotiations.

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Conclusion

CSTA supports all efforts to facilitate free trade for seed around the world. We support the principles outlined for the TPP trade agreement, and encourage the government of Canada to engage with TPP countries.

In addition to tariffs, in all trade negotiations, including possible negotiations with the TPP, Canada should address non-tariff barriers including:

- Seek mutual recognition of science based approval systems for seed related technologies, such as seed treatments and modern biotechnology;
- Encourage synchronous approvals of products of biotechnology and seed treatments and;
- Pursue a science based low level presence policy to facilitate the trade of seed.

In addition Canada needs to create an intellectual property protection environment that facilitates both domestic and international investment.

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